

Welcome to the Military Families Learning Network Webinar

The Culture of Personal Finance

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This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Family Policy, Children and Youth, U.S. Department of Defense under Award Numbers 2010-48869-20685 and 2012-48755-20306.

Welcome to the Military Families Learning Network

Research and evidenced-based
professional development
through engaged online communities.

eXtension.org/militaryfamilies



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Connect with the Personal Finance Team

- » [Facebook: PersonalFinance4PFMs](#)
- » [Twitter: #MFLNPF](#)



Personal Finance Twitter Cohort

A 2-week learning experience beginning June 9 presented by the MFLN Personal Finance team and the Network Literacy Community of Practice.

- Become a part of a community of learners that will form and build your online network.
- Engage in conversations within the Twitter community centered around your interests.
- Learn from guides that help new users maximize their Twitter experience.
- For more information and to register:
<https://twittercohort.wordpress.com/>

For Resources, Recording, and More Information:
<https://learn.extension.org/events/1556#.U346oK1dXrU>

The screenshot shows a web browser window with the URL <https://learn.extension.org/events/1556#.U346oK1dXrU>. The page header features the **extension Learn** logo and the text "America's Research-based Learning Network®".

The main content area is divided into two columns. The left column contains a photograph of a store entrance. The sign above the entrance reads: "OPEN 7 DAYS NERZ STORES OPEN 7 DAYS ENGLISH - POLISH - IRANIAN - KURDISH - TURKISH - ARABIC - JAMACIAN FOOD MARKET - SOFT DRINKS - HALAL MEAT". A man is standing in the doorway. To the right of the entrance, a display of various food products is visible, with a sign that says "NERZ STORE ENGLISH-POLISH-KURDISH-ARABIC TURKISH-AFRICAN FOOD-HALAL MEAT".

The right column contains social media sharing options: "Like 2", "Tweet 1", "Pinterest", and "g+1 0". Below these are event details: "Thursday, June 5 at 11:00 am EDT", "120 minute session", and an "Add to calendar" button. The location is listed as "Location: <https://connectool.dco.dod...>".

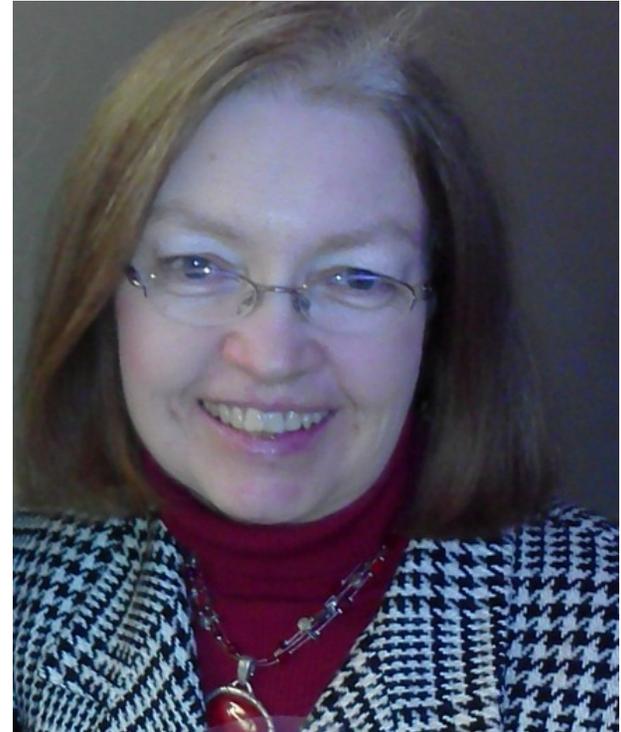
Below the event details is a section titled "Follow this event" with a checked checkbox. It includes three options: "Email notifications for this event are turned on", "Turn notifications off for this event", and "Change your notification settings".

At the bottom of the right column is a "CONNECTIONS" section showing several profile pictures of users.

The browser's taskbar at the bottom of the screenshot shows various application icons, including a calendar icon displaying the date "22".

Dr. Barbara O'Neill

Dr. Barbara O'Neill, financial resource management specialist for Rutgers Cooperative Extension, has been a professor, financial educator, and author for 35 years. She has written over 1,500 consumer newspaper articles and over 125 articles for academic journals, conference proceedings, and other professional publications. She is a certified financial planner (CFPO), chartered retirement planning counselor (CRPCO), accredited financial counselor (AFC), certified housing counselor (CHC), and certified financial educator (CFEd).



The Culture of Personal Finance



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Day 3 of Virtual Learning Event

Money Behavior: How People Make Financial Decisions

- Financial behavior is influenced by:
 - Mental health status
 - Heuristics, anchoring, and choice architecture
 - Cultural influences



Workshop Objectives



- Understand U.S. cultural shifts
- Understand the impact of culture on personal finances
- Understand why we should care about cultural diversity
- Understand money “issues” faced by foreign born U.S. residents
- Understand financial characteristics of different ethnic groups
- Understand gender and income and age financial diversity issues

Question #1: What Does the Word “Culture” Mean to You?





Related Terms



- **Race-** Biological categorization of people (skin color, hair, eyes, etc.)
- **Ethnicity-** Racially similar people of similar origin (i.e., family background)
 - **Example:** Hispanic is an ethnicity with Hispanics of all skin colors
- **Culture-** Shared values, ideals, beliefs, and practices of a group of people regardless of race and ethnicity (i.e., the way that you live)
- **Nationality-** The nation that people identify as their national origin
- **Cultural Diversity-** Differences in culture within a society or institution, especially when comparing minority and majority groups

Introduction



- The U.S. is moving from a homogeneous to a heterogeneous society
- There is an increase in various ethnic groups with different cultures
- States with largest minority populations by %:
HI, District of Columbia, NM, TX, CA
- Acculturation is the merging of cultures as a result of prolonged contact





What is Culture?



- Socially transmitted influences on a person's thoughts, beliefs, assumptions, values, and behavior
- Includes language, religion, cuisine, music, social habits
- Affects daily activities including financial practices
- Sources of cultural influence:
 - Family
 - Organizations
 - Reference groups (i.e., groups that people identify with)

Culture is Ubiquitous

- Encompassing and taken for granted
- A collective “frame of mind”
- Unless we observe something foreign to our own socialization, it is easy to forget that cultural influences are even there



Culture is Influential

- One's societal and family history influences today's life decisions
- Decisions can be affected consciously or unconsciously
- Culture is entrenched but cultural influences can be changed with education/counseling, role models, etc.



So What Does Culture Have To Do With Personal Finance?

- **EVERYTHING:** it is the “lens” through which people view events and make decisions
- Not everyone experiences economic events in the same way
 - Men versus women
 - College grads versus those with less education
 - Older versus younger people
 - Minorities versus whites
 - Native born Americans versus immigrants



Major Cultural Shift

By 2020, the U.S will no longer have a racial majority group!

- ✓ Immigration from non-Anglo regions of the world
- ✓ Fewer children born to white households
- ✓ Increased number of international adoptions
- ✓ Increased number of inter-racial marriages
- ✓ Cultural diversity or multiculturalism instead of “melting pot” (value cultural identities)



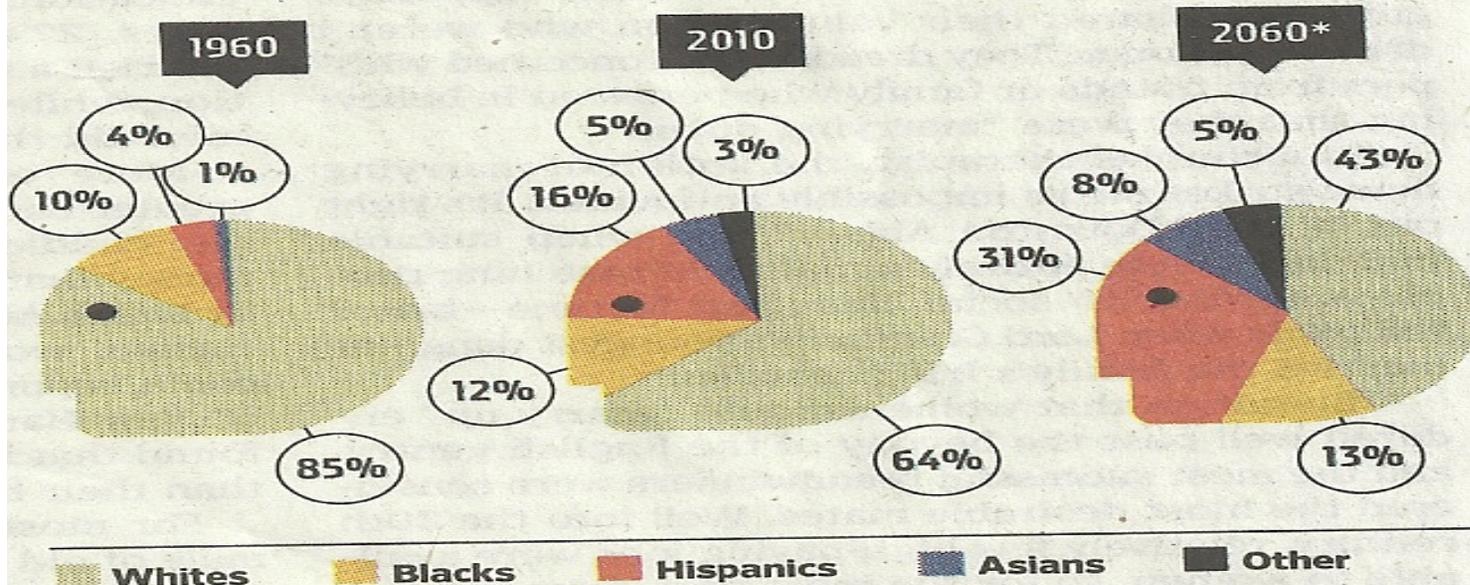
In Pictures

C4 | Saturday/Sunday, April 19 - 20, 2014

GRAPHICS BY CARL DE TORRES

The Changing Face of America

Over the next 50 years, the ethnic composition of the U.S. is expected to change radically. The percentage of Hispanic Americans will double, and whites will no longer comprise a majority of the population.



Source: Pew Research

* Expected



Two Slow Motion Dramas

- Population is becoming majority non-white
- Record share of population is going gray
- By 2060, America will go from an “age pyramid” to an “age rectangle”
 - Almost as many Americans $>$ age 85 as $<$ age 5 due to longer lives and lower birthrates
 - This is uncharted territory!!!



Increased Number of U.S. Multigenerational Households

- 30% increase in U.S. households with 3 or more generations living under one roof from 2000-2010
- Hispanic and Asian families are driving the trend
- It's the way lives are lived in their home countries
- Done for both economic reasons and cultural preferences



<http://www.fa-mag.com/news/grandma-bunks-with-jobless-kids-as-multigenerational-homes-surge--8187.html>



Why Should We Care About Financial Security of Immigrant Populations?

- ✓ *Wall Street Journal* Article (5/7/07): “Boomers’ Good Life Tied to Better Life For Immigrants”
 - ✓ http://finance.yahoo.com/news/pf_article_103024.html
- ✓ Workforce shortfalls will be filled by immigrants and offspring
- ✓ Immigrants’ financial status will affect medical services that boomers receive and home sale prices
- ✓ Immigrants will evolve into a critical pool of workers and taxpayers
- ✓ About 1.5 million U.S. immigrants annually: somewhat softening the impact of an aging population



Why We All Need to Care

“Immigrants and (predominantly white) baby boomers are two groups whose destinies are converging in the next 20 years”



Dowell Myers, Demographer
University of Southern California

Author of *Immigrants and Boomers: Forging a New Social Contract for the Future of America*

Question #2:

Why Should Financial Practitioners Care About Culture?



Why Financial Educators Need to Care About Culture

- To understand audience preferences and values
- To avoid alienating program partners and/or target audiences (i.e., “culture clash”)
- To develop products and programs that meet audience needs, solve problems, etc.
- To improve the likelihood of clients changing behavior



Impact of Culture on Finances

- ✓ Values about money affect many financial decisions
- ✓ Culture impacts money values
- ✓ Examples:
 - ✓ High value on helping family and use of international remittances by Hispanics
 - ✓ Extended family = “savings” and “insurance”
 - ✓ Alternative no-interest financing, consistent with beliefs, for interest-averse Muslims
 - ✓ Below-average life expectancies for Native Americans = skepticism about retirement



Financial Culture Example:

Journal of Financial Planning, 12/06

- ✓ As a young man, client was the only saver in family and accumulated \$8,000
- ✓ Sister got into trouble with the law
- ✓ Family pressured him to use savings to pay legal fees
- ✓ He never saved again so that he could say he didn't have money if family members called
- ✓ Planner eventually convinced client to build wealth



Key Financial Cultural Questions to Consider



- How is money dealt with (e.g., banking)?
- Is retirement a cultural concept? Don't assume!
 - Instead of asking someone when they plan to retire (perhaps they don't!!!), ask them how they visualize their life in their 60s, 70s, and 80s
- Who is/are the breadwinner(s) in a culture?
- What is the view of credit and debt in a culture?
- Do people in a culture pay taxes?

Research Findings

Blacks and Hispanics save less for retirement than Whites and Asians:

✓ <http://www.forbes.com/sites/kerryhannon/2012/02/14/why-latinos-arent-saving-for-retirement/>

✓ http://www.nbcnews.com/id/31783955/ns/business-personal_finance/t/blacks-hispanics-save-less-retirement/



White Americans have 22x more wealth than Blacks

✓ <http://money.cnn.com/2012/06/21/news/economy/wealth-gap-race/index.htm>



More Research Findings

- Asian workers are the least likely to borrow money from their retirement accounts (< 1 in 5)
- African Americans are most likely to borrow (2 of 5 workers)



<http://blogs.wsj.com/wallet/2009/07/07/401k-investing-habits-may-vary-by-race-and-ethnicity-study-finds/>

More Research Findings

- Immigrants take longer to begin saving for retirement after the start of employment than their native born counterparts (Fontes & Gutter)
- Changes in life cycle stage, homeownership, and attaining U.S. citizenship are significant predictors of the savings timeline



[http://www.consumerinterests.org/assets/docs/CIA/CIA2006/
fontes_differencesintheonsetofformalretirementsavingbetween.pdf](http://www.consumerinterests.org/assets/docs/CIA/CIA2006/fontes_differencesintheonsetofformalretirementsavingbetween.pdf)



Question #3:

What are the Biggest Cultural Issues Related to Personal Finance ?



Specific Financial “Issues” for Foreign-Born U.S. Residents

- ✓ Establishing a credit history
- ✓ “Cash-only” financial management
- ✓ Lack of trust in the financial services industry
- ✓ Culture of financial conservatism
- ✓ Beliefs about need for women’s education
- ✓ Machismo related to investment risk
- ✓ Language and cultural barriers
- ✓ Family expectations



Implications For Financial Counselors and Educators

- ✓ Allow time to build relationships
- ✓ Network with agencies who can “translate”
- ✓ Provide peer examples and role models
- ✓ Short sentences and paragraphs
- ✓ Frame savings in context of helping family
- ✓ Assess clients’ family money histories
- ✓ Use less structured evaluation methods



Don't Make Assumptions!

Puts people on the defensive; they will feel that others don't understand them and tune out



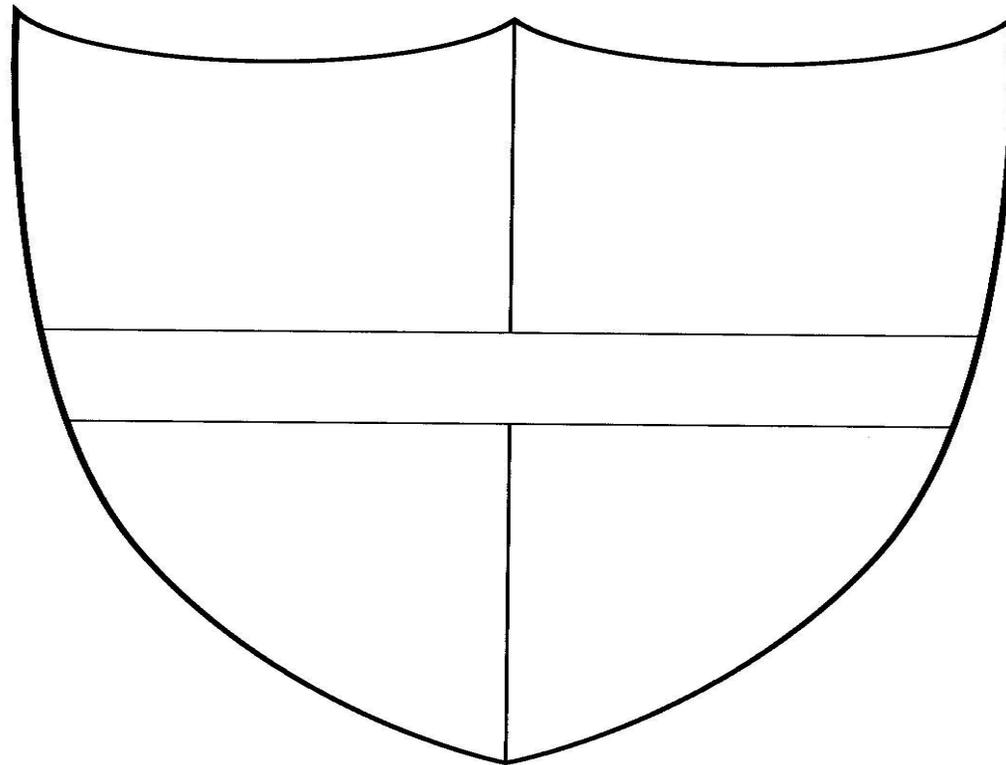
Good Questions for All Clients

- Tell me about your family. What did they teach you about money?
- What are your earliest experiences with money?
- What is your best financial habit?
- What type of life would you like for yourself and your family?
- What is your greatest financial hope?
- What is your greatest financial fear?



Use a Coat of Arms Activity

Coat of Arms

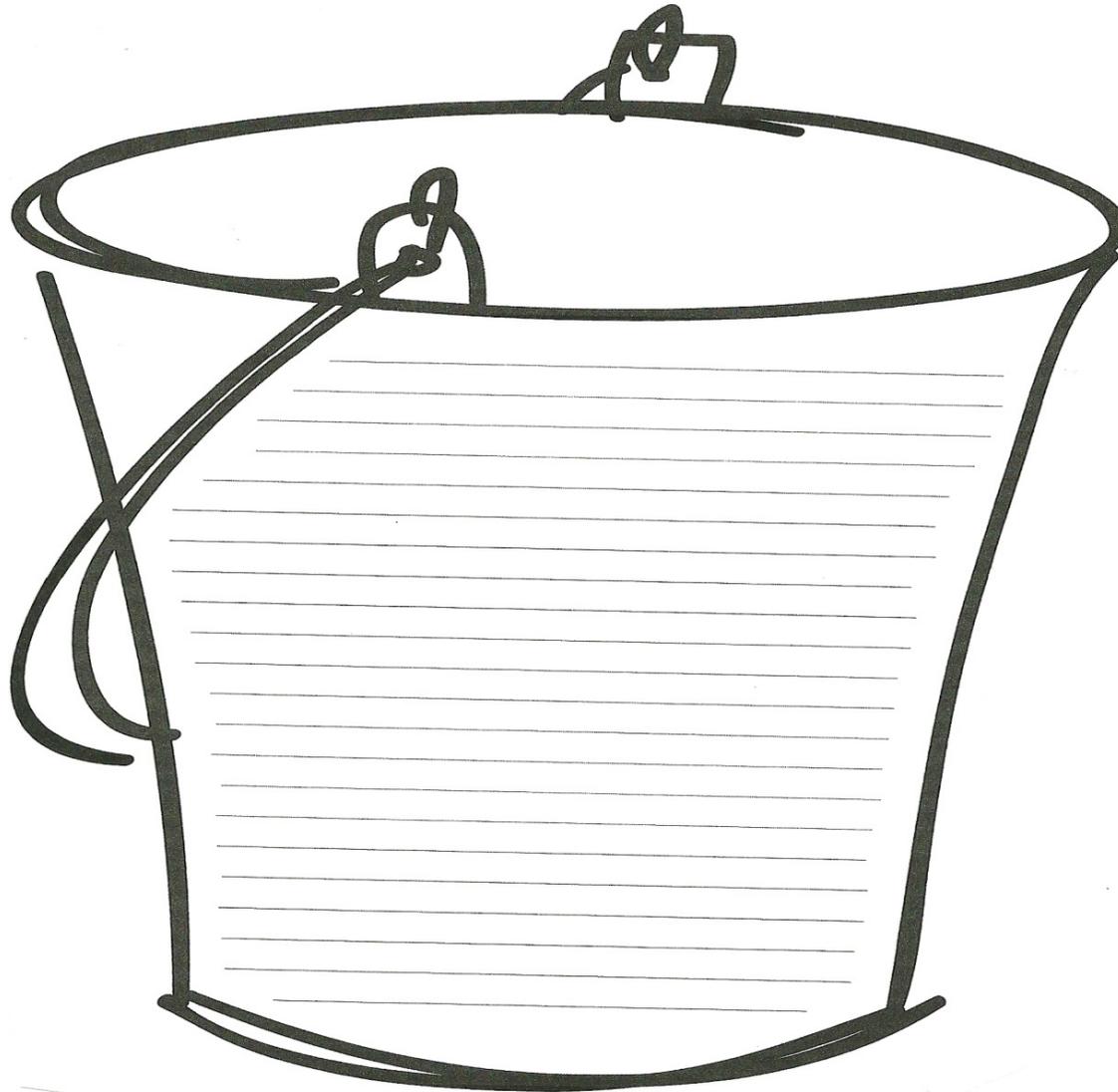


Question #4:

How Has Your Culture or Religion or Family Affected Your Personal Finances?



Use a Bucket List Activity



Use a Values Clarification Activity

- Select the 10 most important items from the list (e.g., honesty, wealth, power, family, safety, beauty) from <http://www.therapistaid.com/content/0023.pdf>
- Then rank them from most important (1) to 10th most important (10)
- Remember, values are very personal. There are no “right” or “wrong” values
- Helps practitioner better understand clients and helps clients recognize areas of life that need attention



Beloit College List of Cultural Touchstones for College Students

- <http://www.beloit.edu/mindset/>
- Created in 1998; 15th edition in 2013
- Reflects the worldview of entering first year students so faculty don't use "dated" references
- Examples for Class of 2017:
 - America and Russia have always cooperated better in orbit than on earth
 - Being selected by Oprah's Book Club has always read "success"
 - As they started to crawl, so did news across the bottom of a TV screen
 - A tablet is no longer something you take in the morning
 - They have always been able to plug into USB ports
 - Java has never been just a cup of coffee



Cultural Financial Touchstones

- Help describe how other people are different
- Provide a “shortcut” to understanding clients’ attitudes and behaviors
- Can help understanding professionals help clients feel less stigmatized
- Need to use with caution with stereotypes (individuals are ALWAYS more complex!)
- **Reference:** *The Client Connection: How Advisors Can Build Bridges That Last* by Mellan & Christie (2009)

http://www.afcpe.org/assets/pdf/vol_22_issue_2_oneill.pdf



Mainstream U.S. Values

- Freedom
- Independence/Individualism
- Privacy
- Financial Success/Security
- Health and Fitness/Physical Appearance
- Hard Work and Achievement



More Mainstream U.S. Values

- Status is measured by credentials, titles, positions
- Acquiring material things is valued, possessions also enhance status
- Older people are not held in high esteem
- Competition is highly valued
- Religion is head-centered, intellectual
- Scientific method is valued; objective, logical thinking
- Time is strictly scheduled (“time is money”)



Latinos

- Money is good but is not most important thing in life
- Less emphasis than whites on being independent from family
- La Familia and Tandas (collective pools of money)
 - <http://en.wikipedia.org/wiki/User:Tandas>
- Adversarial view of government (many came from countries with dysfunctional regimes)
- Wary of financial institutions (came from countries with political coups and freezing of bank assets)
- Fatalistic attitude toward life (Louis Barajas, CA CFP®)
 - May avoid savings because family members will borrow money



More About Latinos From Louis Barajas, CFP®

- <http://www.fpanet.org/journal/BetweentheIssues/LastMonth/BookReviews/TheLatinoJourneytoFinancialGreatness/>
- Don't like the term "Hispanics" (that term comes from Spain)
- Strong cultural tradition to invest in real estate- something to "hold and touch"
- "Pothole" #1: patron-peon syndrome (belief that somebody else will take care of them)
- "Pothole" #2: Mi Compadre (seek advice from non-experts like themselves)
- To learn more, follow @louisbarajas on Twitter



Strong Latino Values

- Motherhood (still seen as a respected) profession
- Religion (Native and Roman Catholic)
- Respect (for family, elders regardless of status)
- Provide for family
- Multigenerational families



African-Americans



- Like Hispanics, don't save as much as average White Americans
- Also like Hispanics, individuals typically bear a lot of financial responsibility for relatives
- People who “make it” may feel pressure to place family needs over their own financial well-being
- Tend to be skeptical of stock market and wary of people promoting financial products
- Give away a higher % of their income than any other ethnic group, mainly to their church
- Average black household earning > \$50k has saved < half as much as white counterparts; many weighed down by debt



Strong African-American Values

- Children are Very Important
- Extended Family- Blood Ties Not Essential
- Children Obedient to Elders
- Church (strong spiritual orientation)
- Work and Achievement



Muslims

- Taking care of extended family is a top priority in Arab cultures
- Low % of investments in stock; prefer gold, silver, and property (familiarity)
- Sharia (Islamic Law) forbids liquor, gambling, pork, pornography, and the charging of interest
- Sharia-compliant financial products and Islamic home loans are widely available
- For more information:
 - <http://www.extension.org/pages/25269/cultural-differences-in-handling-credit>



Indians



- Huge appetite for saving
- Tend to save money without compartmentalizing it for a specific purpose (e.g., education)
- Investment choices tend to be conservative
- Cost-conscious, but not misers
- Will spend well for children's education or a wedding
- Do not readily divulge personal financial data

Chinese

- High savings rate as a defense against uncertainty (deeply entrenched view that the world is unsafe)
- Most have a good-sized emergency fund
- Don't typically carry credit card debt
- Tend to be enterprising investors (e.g., use of leverage and interest in short-term stock profits)
- Reluctant to confide in financial advisors
- Likely to have multiple generations to care for (nursing homes are seen as taboo)
- Casinos aggressively court Asian Americans



Japanese

- Common for husbands to hand over paycheck to wife to manage
- Social pressure to amass wealth
- Some lost “a generation of wealth” due to WW II internment camps (lingering distrust of government)
- Education is everything. Parents assume they will finance college for their kids
- Younger generations more willing to spend than saving-obsessed elders
- Tend to be risk-averse investors



Strong Asian American Values

- Education
- Extended Family
- Respect and Politeness
- Deep Respect for Elders
- Spirituality
- Dignity
- Patience (Time is Flexible)



Native Americans



- Their society does not have words like “savings” and “retirement”
 - Standard personal finance presentations won’t work
- People die younger than the general U.S. population
- High unemployment and poverty rates
- Strong desire to help extended family
 - Use family (not self) as motivation to save



Strong Native American Values

- Kinship/Extended Family
- Deep Respect for Elders
- Shared Responsibilities
- Shared Benefits
- Respect for the Environment
- Spirituality



Question #5: What Other Characteristics of People Affect Their Personal Finances?



Gender Diversity

Men

- Tend to put more stock in experts and credentials
- Often fare better after divorce and widowhood
- May have issues with over-confidence in investing
- More likely to trade investments
- More likely to have a higher risk tolerance



Women

- Consult many sources before making a decision
- Often relate their needs through stories and anecdotes
- Need to make lower average income last longer
- May have a low investment risk tolerance
- Real fears about poverty in old age

Another Cultural Divide



- WSJ: *The New American Divide* (1/21-22/12) by Charles Murray:

[http://online.wsj.com/article/](http://online.wsj.com/article/SB10001424052970204301404577170733817181646.html?mod=googlenews_wsj)

[SB10001424052970204301404577170733817181646.html?](http://online.wsj.com/article/SB10001424052970204301404577170733817181646.html?mod=googlenews_wsj)

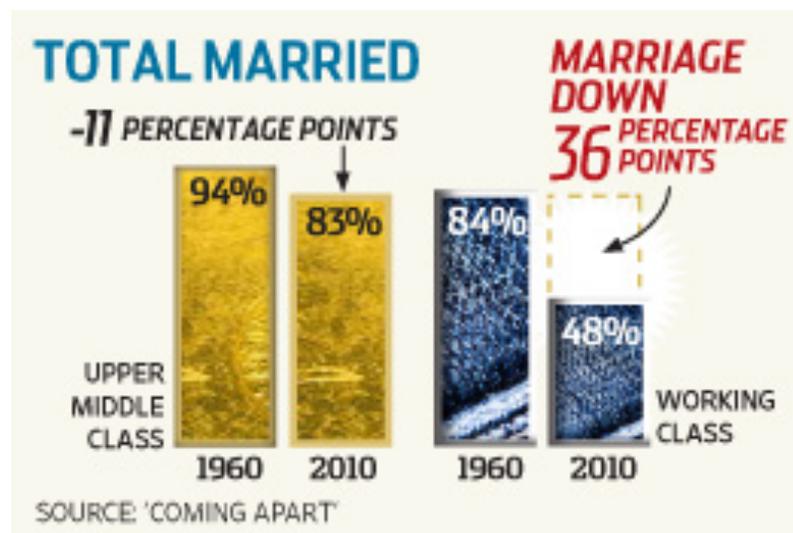
[mod=googlenews_wsj](http://online.wsj.com/article/SB10001424052970204301404577170733817181646.html?mod=googlenews_wsj)

- “What we now face is a problem of cultural inequality”
- Less “shared experience” involving marriage, work, religion, entertainment, tastes, etc.
- Increased isolation of upper-income households



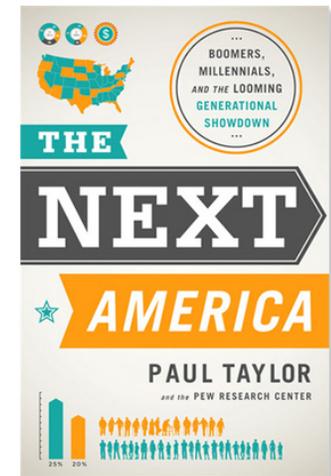
Charles Murray Article

“Over the past 50 years, that common civic culture has unraveled. We have developed a new upper class with advanced educations, often obtained at elite schools, sharing tastes and preferences that set them apart from mainstream America. At the same time, we have developed a new lower class, characterized, not by poverty, but by withdrawal from America's core cultural institutions.”



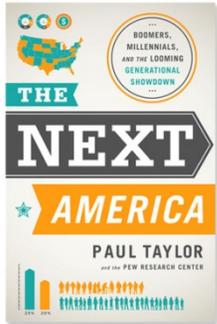
Generational Warfare?

- **Big Flashpoint:** Not like 1970s (draft, rock 'n roll); rather, burden of paying for boomers' retirement
- Yet, a lot of evidence that generations get along
 - People of all ages feel economic security; rising inequality
 - Delay in millennials “speaking up for needs”
 - Families are providing safety nets
 - Nurturing parenting norms

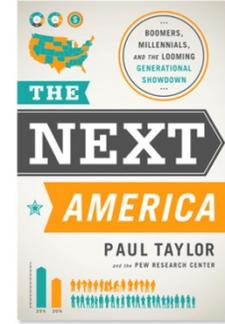


- <http://www.nextavenue.org/blog/are-we-road-generational-war>





The Next America



- Future America will be full of paradoxes
 - Older
 - More diverse, more mixed race, more tech savvy
 - Less married, less religious, less middle class
 - Both more polarized and more tolerant
- **Key Challenge:** How to keep promises to older adults without bankrupting the young and starving the future?

Key Points About Culture



- If you want to help people, you need to understand their beliefs and expectations
- Core beliefs and expectations that flow from them are key drivers of individual thoughts and behavior
- People generally provide clues to their closely-held beliefs
- Professionals often don't listen or observe closely enough to uncover them

Question #6:

Describe the Culture of Your Workplace (military, Cooperative Extension, non-profits, etc.)



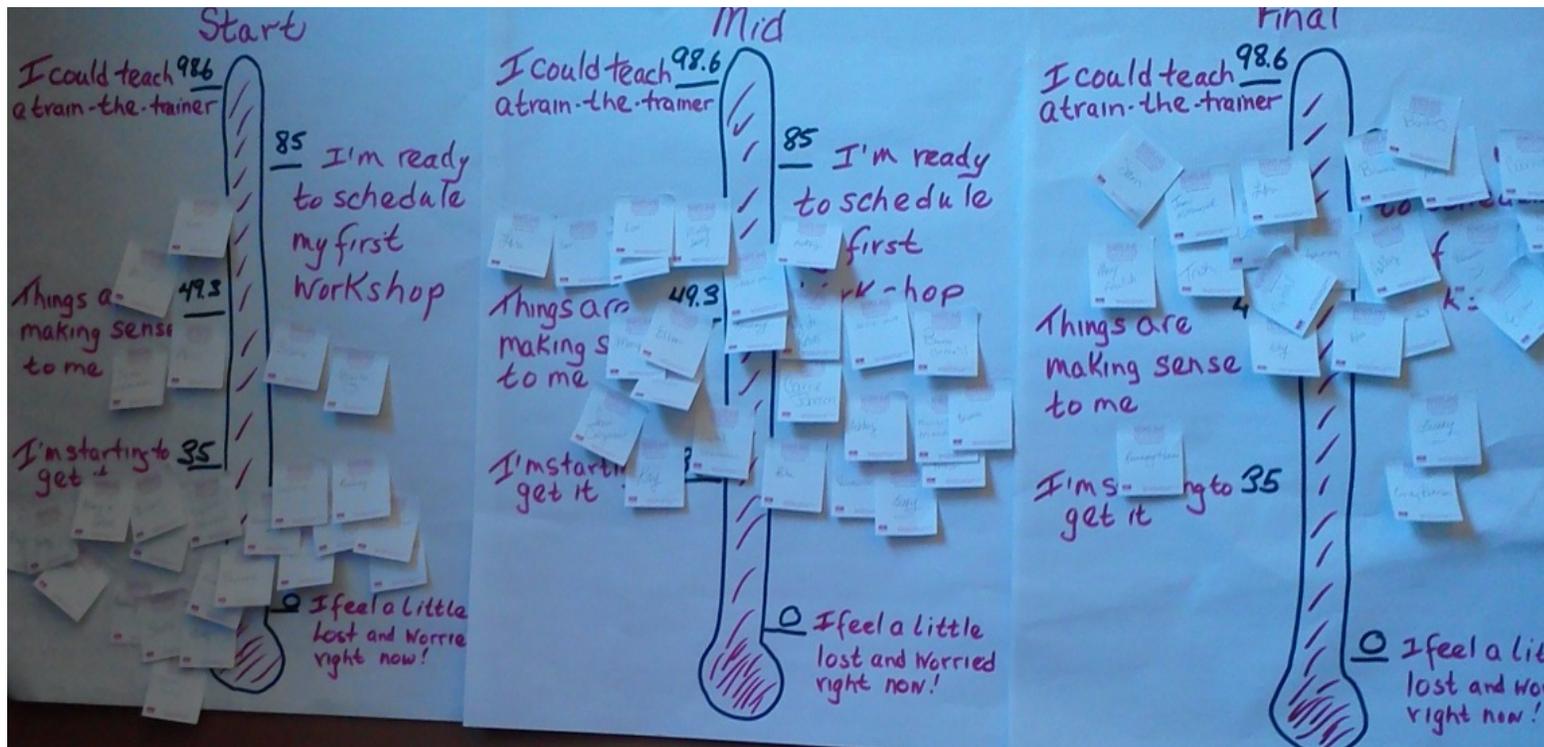
Practitioner Take-Aways

- Ask yourself if financial behaviors you are advocating will reinforce or violate clients' cultural values
- Network with agencies who can “translate” for you (literally and figuratively)
 - Allow time to build relationships
- Learn more about cultural differences
- Learn some of another language
- Create a welcoming learning environment
 - Location, promotional and educational materials



More Practitioner Take-Aways

- Be open to non-traditional program delivery methods
 - **Example:** Family events if family is important
- Use less structured evaluation techniques



More Practitioner Take-Aways

- Say “Tell me more about what you are thinking”
- Frame savings in the context of helping family
- Appreciate the importance of social capital
 - If people have a strong family ethic of taking care of family, of what value is life insurance?
- Realize that it might be impossible for clients to see things differently
 - Focus on common ground



More Practitioner Take-Aways

- People's values are influenced by their culture and values change very little over time
- Ask open-ended questions that unearth hidden values, goals, and insights into financial behavior
 - What is your first memory about money?
 - What did you learn from that experience?
 - What does financial independence mean to you?
 - Describe your work history



Source: Diliberto, R. (2006, December). Uncovering and Understanding Clients' History, Values, and Transitions. *Journal of Financial Planning*.

Question #7:

Any Other Good Strategies to Increase “Cultural Competence”?



Communication Strategies

- Short and simple sentences
- Present only the most important information
- Repeat and rephrase key points
- Use relevant examples
- Speak slowly and pause often
- Check frequently for comprehension
- Use small group activities with peers



More Communication Strategies

- Acknowledge that cultural, gender, income, generational, and workplace differences exist
- Learn to “pick your battles”
- Let minor annoyances go and move on
- Alter client inquiries based on webinar content
- Focus on end results; not the process
- Make conscious decisions as to what to say or not say; consider the most appropriate words



Learn Your ABCs

- **A**ccommodate Differences
- **B**e Flexible
- **C**reate an Atmosphere of Trust



Personal Finance and Culture Resources

- University of Minnesota:

<http://www.extension.umn.edu/family/personal-finance-culture-and-resources/>



- Texas Tech:

<http://www.depts.ttu.edu/officialpublications/courses/PFP.php>

- AFCPE Presentation (O'Neill):

<http://www.depts.ttu.edu/officialpublications/courses/PFP.php>



Two Final Take-Aways

- Not being familiar with a broad spectrum of cultural influences is a blind spot for financial practitioners (AFCPE-FPA webinar, 11/5/13)
- “Know your target market and be culturally sensitive to that market.” (John Grable, *Journal of Financial Planning*, 11/13)



Comments? Questions? Experiences?



Next Virtual Learning Event Webinar

Panel Discussion: What Young Adults Need to Know About Money

- June 5, 1:30 p.m. – 3 p.m. ET
- Panelists: Bill Cheeks, Dr. Joyce Serido, Dr. Shelley MacDermid Wadsworth
- Submit your question to the panelists at fsawebinars@gmail.com or on Twitter #MFLNPF
- 1.5 AFC CEUs available
- More information: <https://learn.extension.org/events/1558#.U342uK1dXrU>

Military Families Learning Network

Find all upcoming and recorded webinars covering:

Family Development
Military Caregiving
Personal Finance
Network Literacy

<http://www.extension.org/62581>

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